



## CITY OF CARLSBAD - AGENDA BILL

<b>AB#</b>	<b>REPORT ON CITY INVESTMENTS AS OF JULY 31, 2006</b>	<b>DEPT. HEAD</b>
<b>MTG.</b>		<b>CITY ATTY.</b>
<b>DEPT.</b> TRS		<b>CITY MGR.</b>

**RECOMMENDED ACTION:**

Accept and file report.

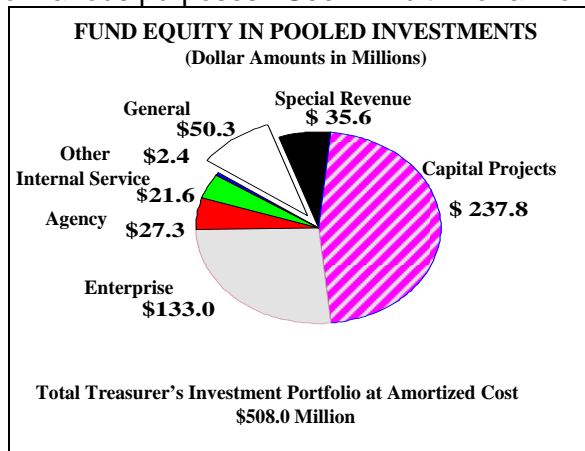
**ITEM EXPLANATION:**

The City's Investment Policy requires the City Treasurer to report to the City Council on a monthly basis the status of the City's pooled investment portfolio. A quarterly report is also required for the investments of bond proceeds held separately. The City's pooled investment portfolio as of the month ended July 31, 2006 is summarized below.

Pooled Investment Portfolio (Cash and Securities)		
	Current Month	Prior Month
Par Value	509,035,024	516,874,609
Cost of Investments	509,035,725	516,852,811
Amortized Cost (1)	508,035,675	515,866,616
Market Value (2)	501,713,917	507,353,573

- (1) The cost of investments adjusted for amortized premiums and discounts.  
 (2) The amount at which the investments could be sold. Source of market values is Union Bank of California's custodial report as of 07/31/06.

The equity portion of the various funds in the total portfolio is summarized in the graph below. Fund balances are restricted for various purposes. See Exhibit 7 for a more detailed breakdown.



**FOR CITY CLERKS USE ONLY.**

<b>COUNCIL ACTION:</b>	APPROVED <input type="checkbox"/> DENIED <input type="checkbox"/> CONTINUED <input type="checkbox"/> WITHDRAWN <input type="checkbox"/> AMENDED <input type="checkbox"/>	CONTINUED TO DATE SPECIFIC <input type="checkbox"/> CONTINUED TO DATE UNKNOWN <input type="checkbox"/> RETURNED TO STAFF <input type="checkbox"/> OTHER – SEE MINUTES <input type="checkbox"/>
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<b>Pooled Investment Interest Income</b>			
	<b>Current Month FYTD</b>	<b>Prior Month FYTD</b>	<b>Current Month Income</b>
Cash Income Fiscal Year-to-Date *	2,054,903	0	2,054,903

\*The cash income received is adjusted for any accrued interest purchased.

<b>Pooled Investment Performance/M Measurement</b>			
	<b>Average Life (Years)</b>	<b>Average Yield</b>	<b>Modified Duration</b>
May 2006	2.15	4.12%	1.946
June 2006	2.24	4.19%	2.022
July 2006	2.19	4.24%	1.988

All pooled investments have been made in accordance with the City's Investment Policy adopted January 2, 1985 and last revised October 18, 2005. All investments were initially made in accordance with the City's Investment Policy. Events subsequent to the purchase might have resulted in some investments not being in compliance with the current policy. These events are typically a change in the City's Investment Policy, a change in the credit rating subsequent to a purchase, or a temporary reduction in total portfolio assets. See Exhibit 8 for details.

The pooled investment portfolio has the ability to meet the City's cash flow demands for the next six (6) months.

#### **EXHIBITS FOR POOLED INVESTMENTS:**

1. Investment Portfolio Breakdown By Amortized Cost, Market Value, Cash Income, and Average Yield
2. Investment Portfolio Breakdown Of Maturities
3. Yield Comparison Graph
4. Cumulative Cash Income Graph
5. First Quarter Transactions
6. Detailed Investment Report
7. Fund Equity in Pooled Investments
8. Corporate Note and Commercial Paper Ratings
9. Percentage Weightings By Corporate Note Issuer

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**CITY OF CARLSBAD INVESTMENT PORTFOLIO  
AS OF JULY 31, 2006**

***BREAKDOWN BY AMORTIZED COST, MARKET VALUE, CASH INCOME, AND AVERAGE YIELD BY CLASS***

<u>Class</u>	<u>AMORTIZED COST</u>		<u>MARKET VALUE</u>		<u>Cash Income Year to Date</u>	<u>AVERAGE YIELD</u>	
	<u>Current Month</u>	<u>Prior Month</u>	<u>Current Month</u>	<u>Prior Month</u>		<u>Current Month</u>	<u>Prior Month</u>
CD	488,000	488,000	488,000	488,000	0	3.20	3.20
FN	0	0	0	0	0	0.00	0.00
CP	0	0	0	0	0	0.00	0.00
TR	0	0	0	0	0	0.00	0.00
FA	428,651,626	438,612,757	422,708,860	430,699,680	1,706,475	4.15	4.11
CN	51,065,026	51,095,250	50,686,034	50,495,284	66,000	4.80	4.80
LAIF	15,162,668	16,506,000	15,162,668	16,506,000	256,668	4.85	4.53
CUSTODY	-	-	0	0	1,500	4.75	4.59
SWEEP	12,190,769	8,598,075	12,190,769	8,598,075	24,260	4.25	4.20
BANK ACCT	<u>477,586</u>	<u>566,534</u>	<u>477,586</u>	<u>566,534</u>	<u>0</u>	<u>4.25</u>	<u>4.20</u>
<b>TOTALS</b>	<b>\$508,035,675</b>	<b>\$515,866,615</b>	<b>\$501,713,917</b>	<b>\$507,353,573</b>	<b>\$2,054,903</b>	<b>4.24%</b>	<b>4.19%</b>

CD - Certificate of Deposit  
FN - Federal Discount Notes  
CP - Corporate Paper

TR - US Treasury  
FA - Federal Agency  
CN - Corporate Notes

LAIF - Local Agency Investment Fund  
Custody - Union Bank of California Cash account  
SWEEP - Wells Fargo Bank Overnight cash account  
Bank Account - Wells Fargo Bank Cash account

**CITY OF CARLSBAD INVESTMENT PORTFOLIO  
AS OF JULY 31, 2006**

***BREAKDOWN OF MATURITIES BY CLASSIFICATION AND LENGTH OF TIME***

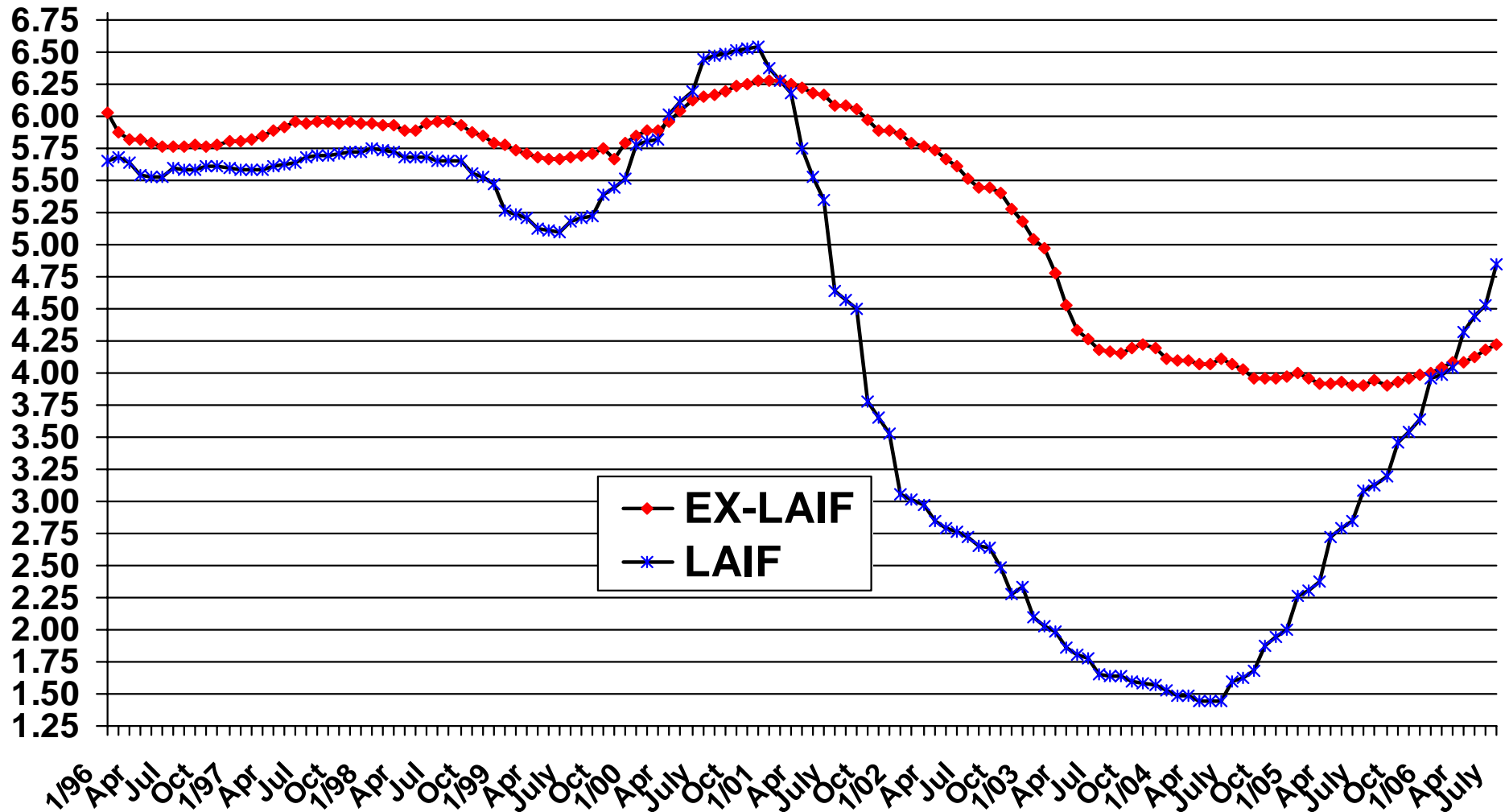
<u>CLASS</u>	<u>WITHIN 6 MONTHS</u>	<u>7 MONTHS TO 1 YEAR</u>	<u>1 TO 5 YEARS</u>	<u>TOTAL</u>	<u>% TOTAL</u>
CD	488,000	0	0	488,000	0.1%
FN	0	0	0	0	0.0%
CP	0	0	0	0	0.0%
TR	0	0	0	0	0.0%
FA	25,964,406	37,886,522	364,347,267	428,198,196	84.1%
CN	6,532,602	20,707,853	25,278,051	52,518,506	10.3% (2)
LAIF	15,162,668	0	0	15,162,668	3.0%
CUSTODY	0	0	0	0	0.0%
SWEEP	12,190,769	0	0	12,190,769	2.4%
BANK ACCT	477,586	0	0	477,586	0.1%
<b>TOTALS</b>	\$60,816,032 (1)	\$58,594,375 (1)	\$389,625,318	\$509,035,725	100.0%
% TOTALS	12.0%	11.5%	76.5%	100.0%	
Total within One Year		\$119,410,406 (1) 23.5%			

**POLICY:** (1) Not less than \$114,000,000 to mature within one year. (2/3rds of current year operating budget of \$170,213,000.00  
(2) Policy states that not more than 30% of portfolio is to be invested in corporate notes

# YIELD COMPARISON

PORTFOLIO EX-LAIF VS. LAIF

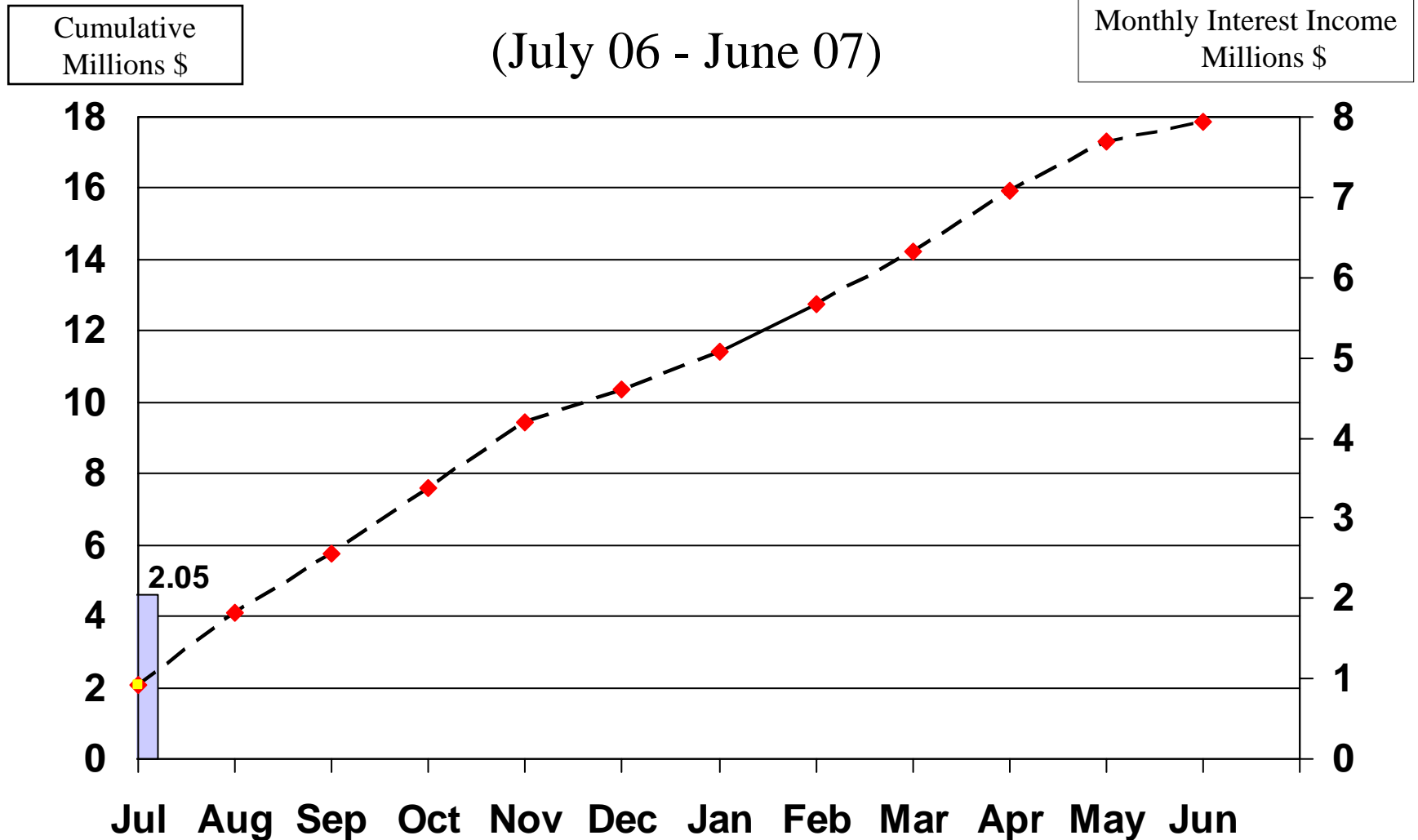
JULY 1996 – JULY 2006



# Cumulative Cash Income

## FY06-07

(July 06 - June 07)



City of Carlsbad

TRANSACTIONS FOR PERIOD:

07/01/06 TO 07/31/06 1st QUARTER 2006-2007

<u>Trans Date</u>	<u>Investment Date</u>	<u>Maturity Date</u>	<u>Type</u>	<u>Security</u>	<u>Call Date</u>	<u>Par Value</u>	<u>Coupon</u>	<u>Amount (Cost)</u>	<u>Return Rate</u>	<u>Interest</u>	<u>Investment Return</u>
<b>BUYS</b>											
<b>JULY</b>											
None											
<b>TOTAL FIRST QUARTER 2006-2007</b>						-		-	0.00%	-	-
<b>MATURITIES</b>											
<b>JULY</b>											
	07/14/2003	07/14/2006	FA	FHLMC	01/14/2004	5,000,000.00	2.00%	4,980,000.00	2.14%	320,000.00	5,300,000.00
	07/21/2003	07/21/2006	FA	FNMA	07/21/2004	5,000,000.00	2.15%	4,997,500.00	2.17%	325,000.00	5,322,500.00
<b>AUGUST</b>											
	05/28/2003	08/28/2006	FA	FHLB	08/28/2003	3,000,000.00	2.50%	2,997,750.00	2.53%	246,000.00	3,243,750.00
	11/30/2005	08/30/2006	FA	FHLB	08/30/2006	3,000,000.00	4.55%	3,000,000.00	4.55%	102,675.00	3,102,675.00
	08/01/2002	08/15/2006	CN	SBC-PACIFIC BELL	N/C	3,000,000.00	6.88%	3,266,161.90	4.45%	566,858.93	3,833,020.83
	09/03/2002	08/15/2006	CN	SBC-PACIFIC BELL	N/C	3,000,000.00	6.88%	3,266,439.79	4.40%	548,247.71	3,814,687.50
<b>TOTAL FIRST QUARTER 2006-2007</b>						22,000,000.00		22,507,851.69	3.18%	2,108,781.64	24,616,633.33
<b>CALLS and / or SALES</b>											
<b>TOTAL FIRST QUARTER 2006-2007</b>						-		-	0.00%	-	-

# INVESTMENT REPORT

## AS OF JULY 31, 2006

<u>INVESTMENT DATE</u>	<u>MATURITY DATE</u>	<u>TYPE</u>	<u>SECURITY</u>	<u>PAR VALUE</u>	<u>INVESTED AMOUNT</u>	<u>RETURN RATE</u>	<u>INTEREST</u>	<u>INVESTMENT RETURN</u>	<u>TERM (Days)</u>
05/28/2003	08/28/2006	FA	FHLB 2.5% DUE 8/28/06 CALL 8/28/03	3,000,000.00	2,997,750.00	2.525%	246,000.00	3,243,750.00	1,188
11/30/2005	08/30/2006	FA	FHLB 4.55% DUE 8/30/06 NON-CALL	3,000,000.00	3,000,000.00	4.550%	102,375.00	3,102,375.00	273
11/09/2004	11/09/2006	FA	FNMA 3.0% DUE 11/09/06 CALL 11/09/05	3,000,000.00	3,000,000.00	3.000%	180,000.00	3,450,000.00	730
05/20/2003	11/20/2006	FA	FHLB 2.125% DUE 11/20/06 CALL 05/20/04	5,000,000.00	4,999,218.75	2.820%	494,531.25	5,493,750.00	1,280
02/01/2002	11/27/2006	FA	FHLMC 3.1% DUE 11/27/06 CALL 11/27/02	2,000,000.00	1,969,687.50	3.440%	329,290.28	2,298,977.78	1,760
12/27/2004	12/27/2006	FA	FHLB 3.01% DUE 12/27/09 CALL 12/27/05	5,000,000.00	5,000,000.00	3.505%	350,500.00	5,350,500.00	730
06/27/2003	12/29/2006	FA	FHLB 2.07% DUE 12/29/06 CALL 6/29/04	3,000,000.00	2,997,750.00	2.092%	217,695.00	3,215,445.00	1,281
06/30/2003	12/29/2006	FA	FHLB 2.1% DUE 12/29/06 CALL 06/29/04	2,000,000.00	2,000,000.00	2.100%	146,883.33	2,146,883.33	1,278
09/27/2004	03/20/2007	FA	FHLMC 3.10% DUE 3/20/07 CALL 9/20/05	5,000,000.00	4,995,000.00	3.142%	389,486.11	5,384,486.11	904
03/26/2002	03/21/2007	FA	FHLMC 6.943% DUE 3/21/07 NON-CALL	1,770,000.00	1,888,774.90	5.390%	493,973.78	2,382,748.68	1,821
09/02/2004	03/30/2007	FA	FNMA 2.750% DUE 3/30/07 CALL 3/30/05	3,000,000.00	3,000,000.00	3.289%	247,500.00	3,247,500.00	939
03/30/2005	03/30/2007	FA	FHLB 4.02% DUE 3/30/07 CALL 3/30/06	5,000,000.00	5,000,000.00	4.020%	402,000.00	5,402,000.00	730
04/28/2005	04/05/2007	FA	FHLB 4.00% DUE 4/5/07 CALL 10/05/05	3,000,000.00	2,999,250.00	4.012%	233,083.33	3,232,333.33	707
10/20/2004	04/20/2007	FA	FHLB 3.125% DUE 4/20/07 CALL 04/20/05	5,000,000.00	4,994,500.00	3.171%	396,125.00	5,390,625.00	912
07/27/2005	04/27/2007	FA	FHLB 4.0% DUE 04/27/07 CALL 1/27/06	5,000,000.00	5,000,000.00	4.003%	350,000.00	5,350,000.00	639
05/17/2005	05/17/2007	FA	FHLB 3.50% DUE 5/17/07 CALL 08/17/05	2,010,000.00	2,009,497.50	4.373%	176,377.50	2,185,875.00	730
05/23/2005	05/23/2007	FA	FNMA 4.0% DUE 5/23/07 CALL 5/23/06	2,000,000.00	1,999,500.00	4.013%	160,500.00	2,160,000.00	730
12/15/2003	06/15/2007	FA	FHLB 3.140% DUE 6/15/07 CALL 12/15/04	3,000,000.00	3,000,000.00	3.140%	329,700.00	3,329,700.00	1,278
01/30/2004	07/30/2007	FA	FNMA 3.30% DUE 7/30/07 CALL 4/30/04	3,000,000.00	3,000,000.00	3.300%	346,500.00	3,346,500.00	1,277
02/02/2005	08/02/2007	FA	FHLB 3.4% DUE 08/02/07 CALL 02/02/06	5,000,000.00	5,000,000.00	3.400%	470,000.00	5,470,000.00	911
02/02/2005	08/02/2007	FA	FHLB 3.25% DUE 08/02/07 CALL 02/02/06	3,000,000.00	3,000,000.00	3.250%	288,750.00	3,288,750.00	911
02/13/2004	08/13/2007	FA	FHLMC 3.0% DUE 08/13/07 CALL 2/13/05	3,000,000.00	2,988,882.60	3.113%	416,117.40	3,405,000.00	1,277
02/27/2004	08/27/2007	FA	FHLB 2.0% DUE 8/27/07 CALL 8/27/04	3,000,000.00	2,993,437.50	3.567%	374,062.50	3,367,500.00	1,277
03/17/2005	08/30/2007	FA	FNMA 3.41% DUE 8/30/07 CAKK 9/1/05	6,050,000.00	5,957,737.50	4.069%	598,282.82	6,556,020.32	896
10/25/2004	09/14/2007	FA	FHLMC 3.30% DUE 09/14/07 CALL 9/14/05	5,000,000.00	5,000,000.00	3.297%	476,208.33	5,476,208.33	1,054
03/24/2004	09/24/2007	FA	FHLB 2.00% DUE 9/24/07 CALL 9/24/04	3,000,000.00	2,997,000.00	3.530%	370,500.00	3,367,500.00	1,279
10/12/2004	09/24/2007	FA	FHLB 2.255 DUE 9/24/07 CALL 3/24/05	4,000,000.00	3,996,000.00	3.714%	439,500.00	4,435,500.00	1,077
03/26/2004	09/28/2007	FA	FHLB 2.00% DUE 9/28/07 CALL 9/28/04	3,000,000.00	3,000,000.00	3.500%	367,833.33	3,367,833.33	1,281
08/08/2005	10/15/2007	FA	FHLB 3.00% DUE 10/15/07 NON-CALL	3,000,000.00	2,918,404.56	4.310%	278,345.44	3,196,750.00	798
10/25/2004	10/25/2007	FA	FNMA 3.375% DUE 10/25/07 CALL 10/25/05	5,000,000.00	5,000,000.00	3.375%	506,250.00	5,506,250.00	1,095
04/28/2004	10/26/2007	FA	FHLMC 3.280% DUE 10/26/07 CALL 10/26/04	5,000,000.00	4,980,112.45	3.402%	592,976.44	5,573,088.89	1,276
04/04/2005	11/02/2007	FA	FHLB 3.0% DUE 11/02/07 CALL 5/2/05	3,000,000.00	2,976,300.00	4.467%	255,700.00	3,232,000.00	942
05/23/2005	11/16/2007	FA	FHLB 4.150% DUE 11/16/07 CALL 5/16/06	5,000,000.00	4,999,218.75	4.156%	515,496.53	5,514,715.28	907
03/29/2004	12/28/2007	FA	FHLB 3.00% DUE 12/28/07 CALL 6/28/04	3,000,000.00	3,000,000.00	3.000%	337,250.00	3,337,250.00	1,369
07/18/2005	01/18/2008	FA	FHLB 4.26% DUE 01/18/08 CALL 01/18/06	3,000,000.00	2,998,125.00	4.287%	321,375.00	3,319,500.00	914
04/29/2005	01/28/2008	FA	FHLMC 2.75% DUE 01/28/08 CALL 7/28/05	5,000,000.00	4,918,750.00	4.000%	546,493.06	5,465,243.06	1,004
05/21/2004	02/22/2008	FA	FHLB 3.60% DUE 02/22/08 CALL 2/22/05	5,000,000.00	5,000,000.00	3.601%	675,500.00	5,675,500.00	1,372
03/17/2004	03/17/2008	FA	FHLMC 2.25% DUE 3/17/08 CALL 3/17/06	2,400,000.00	2,400,000.00	3.098%	300,000.00	2,700,000.00	1,461
04/21/2005	04/21/2008	FA	FNMA 4.00% DUE 4/21/08 CALL 4/21/06	5,000,000.00	5,000,000.00	4.485%	675,000.00	5,675,000.00	1,096
11/04/2004	04/30/2008	FA	FHLB 3.565% DUE 4/30/08 CALL 1/30/05	3,000,000.00	2,999,062.50	3.575%	374,074.17	3,373,136.67	1,273
11/16/2004	05/16/2008	FA	FNMA 3.70% DUE 5/16/08 CALL 5/16/05	3,000,000.00	2,995,312.50	3.748%	393,187.50	3,388,500.00	1,277
05/19/2005	05/19/2008	FA	FNMA 4.00% DUE 5/19/08 CALL 5/19/06	5,000,000.00	5,000,000.00	4.458%	668,750.00	5,668,750.00	1,096
11/22/2004	05/22/2008	FA	FHLMC 3.6% DUE 5/22/08 CALL 11/22/05	3,000,000.00	2,995,500.00	3.646%	382,500.00	3,378,000.00	1,277
06/16/2005	06/16/2008	FA	FHLB 3.70% DUE 6/16/08 CALL 6/16/06	3,000,000.00	3,000,000.00	4.352%	393,000.00	3,393,000.00	1,096
06/18/2003	06/18/2008	FA	FHLMC 2.00% DUE 6/18/08 CALL 6/18/04	5,000,000.00	5,000,000.00	3.201%	812,500.00	5,812,500.00	1,827



# INVESTMENT REPORT

## AS OF JULY 31, 2006

INVESTMENT DATE	MATURITY DATE	TYPE	SECURITY	PAR VALUE	INVESTED AMOUNT	RETURN RATE	INTEREST	INVESTMENT RETURN	TERM (Days)
10/28/2005	06/26/2008	FA	FHLB 2.75% DUE 6/26/08 CALL 12/26/05	5,000,000.00	4,869,000.00	3.790%	46,597.22	4,915,597.22	972
11/04/2005	07/02/2008	FA	FHLB 3.00% DUE 7/02/08 CALL 01/02/06	4,000,000.00	3,873,960.00	5.008%	525,373.33	4,399,333.33	971
07/07/2005	07/07/2008	FA	FNMA 4.0% DUE 7/07/08 CALL 10/07/05	5,000,000.00	5,000,000.00	4.500%	700,000.00	5,700,000.00	1,096
07/16/2003	07/16/2008	FA	FHLB 2.0% DUE 7/16/08 CALL 10/16/03	3,000,000.00	3,000,000.00	3.201%	487,500.00	3,487,500.00	1,827
07/24/2003	07/24/2008	FA	FHLB 2.00% DUE 07/24/08 CALL 10/24/03	5,000,000.00	5,000,000.00	3.224%	818,750.00	5,818,750.00	1,827
07/28/2003	07/28/2008	FA	FHLB 2.00% DUE 07/28/08 CALL 07/28/05	3,000,000.00	2,983,125.00	3.284%	496,875.00	3,480,000.00	1,827
01/28/2004	07/28/2008	FA	FHLMC 3.0 % DUE 7/28/08 CALL 01/28/05	3,000,000.00	3,000,000.00	3.589%	487,500.00	3,487,500.00	1,643
07/30/2003	07/30/2008	FA	FHLB 2.25% DUE 07/30/08 CALL 10/30/03	5,000,000.00	5,000,000.00	2.250%	887,500.00	5,887,500.00	1,827
05/06/2005	07/30/2008	FA	FHLB 2.75% DUE 07/30/08 CALL 07/30/05	5,000,000.00	4,945,000.00	4.476%	655,833.33	5,600,833.33	1,181
08/24/2005	08/11/2008	FA	FFCB 4.3% DUE 08/11/08 NON-CALL	2,985,000.00	2,990,313.30	4.235%	375,116.66	3,365,429.96	1,083
07/22/2005	10/15/2008	FA	FHLB 2.75% DUE 10/15/08 CALL 10/15/05	700,000.00	677,460.00	4.462%	99,603.19	777,063.19	1,181
07/22/2005	10/15/2008	FA	FHLMC 3.25% DUE 10/15/08 CALL 07/27/05	1,130,000.00	1,113,050.00	4.579%	166,667.15	1,279,717.15	1,181
05/10/2006	11/10/2008	FA	FHLMC 5.50% DUE 11/10/08 CALL 11/10/06	5,000,000.00	5,000,000.00	5.500%	687,500.00	5,687,500.00	915
05/18/2006	11/18/2008	FA	FHLB 5.40% DUE 11/18/08 CALL 5/18/07	3,000,000.00	3,000,000.00	5.400%	891,000.00	3,891,000.00	915
05/25/2005	11/25/2008	FA	FHLMC 4.00% DUE 11/25/08 CALL 11/25/05	4,000,000.00	4,000,000.00	4.793%	675,000.00	4,675,000.00	1,280
12/15/2004	12/15/2008	FA	FFCB 4.00% DUE 12/15/08 CALL 6/15/05	3,000,000.00	3,000,000.00	4.000%	480,000.00	3,480,000.00	1,461
12/30/2003	12/30/2008	FA	FHLMC 3.00% DUE 12/30/08 CALL 12/30/04	1,250,000.00	1,249,218.75	4.020%	253,906.25	1,503,125.00	1,827
07/19/2005	12/30/2008	FA	FHLB 3.0% DUE 12/30/08 CALL 9/30/05	1,500,000.00	1,475,625.00	4.562%	235,750.00	1,711,375.00	1,260
01/14/2004	01/14/2009	FA	FHLMC 3.00% DUE 01/14/09 CALL 01/14/05	5,000,000.00	5,000,000.00	4.186%	1,062,500.00	6,062,500.00	1,827
06/22/2005	01/23/2009	FA	FHLB 3.50% DUE 01/23/09 CALL 7/23/05	6,000,000.00	5,865,937.50	4.177%	887,145.83	6,753,083.33	1,311
06/27/2005	01/26/2009	FA	FNMA 4.00% DUE 01/26/09 CALL 01/26/07	3,000,000.00	2,993,100.00	4.069%	436,566.67	3,429,666.67	1,309
02/18/2004	02/18/2009	FA	FHLMC 3.00% DUE 02/18/09 CALL 2/18/05	5,000,000.00	5,000,000.00	3.961%	1,000,000.00	6,000,000.00	1,827
07/27/2005	02/26/2009	FA	FNMA 4.00% DUE 2/26/09 CALL 8/26/05	2,500,000.00	2,467,130.64	4.400%	390,924.92	2,858,055.56	1,310
07/01/2004	02/27/2009	FA	FNMA 4.07% DUE 02/27/09 CALL 8/27/04	5,000,000.00	4,912,500.00	4.490%	1,034,905.56	5,947,405.56	1,702
03/10/2004	03/10/2009	FA	FHLMC 3.00% DUE 3/10/09 CALL 3/10/05	5,000,000.00	5,000,000.00	3.180%	987,500.00	5,987,500.00	1,826
04/02/2004	03/16/2009	FA	FNMA 3.125% DUE 03/16/09 CALL 03/16/06	3,000,000.00	2,973,270.00	3.321%	491,313.33	3,464,583.33	1,809
04/16/2004	03/16/2009	FA	FNMA 3.125% DUE 03/16/09 CALL 03/16/06	3,000,000.00	2,913,835.02	3.770%	547,102.48	3,460,937.50	1,795
04/14/2004	03/17/2009	FA	FHLMC 2.5% DUE 3/17/09 CALL 3/17/06	2,000,000.00	1,980,625.00	4.200%	415,625.00	2,396,250.00	1,798
03/23/2004	03/23/2009	FA	FHLMC 3.00% DUE 3/23/09 CALL 3/23/05	5,000,000.00	5,000,000.00	3.909%	987,500.00	5,987,500.00	1,826
04/13/2004	04/13/2009	FA	FHLMC 2.50% DUE 04/13/09 CALL 04/13/05	5,000,000.00	5,000,000.00	3.558%	900,000.00	5,900,000.00	1,826
04/13/2004	04/13/2009	FA	FHLMC 2.50% DUE 4/13/09 CALL 4/13/05	2,000,000.00	2,000,000.00	3.558%	360,000.00	2,360,000.00	1,826
04/28/2004	04/28/2009	FA	FHLMC 2.750% DUE 04/28/09 CALL 04/28/06	5,000,000.00	5,000,000.00	3.474%	875,000.00	5,875,000.00	1,826
04/28/2004	04/28/2009	FA	FHLMC 3.250% DUE 04/28/09 CALL 04/28/05	5,000,000.00	5,000,000.00	4.014%	1,012,500.00	6,012,500.00	1,826
04/28/2004	04/28/2009	FA	FHLMC 3.250% DUE 04/28/09 CALL 04/28/05	5,000,000.00	4,997,500.00	4.164%	1,052,500.00	6,050,000.00	1,826
05/05/2004	05/05/2009	FA	FHLMC DUE 05/05/09 CALL 05/05/05	5,000,000.00	5,000,000.00	4.262%	1,075,000.00	6,075,000.00	1,826
05/05/2004	05/05/2009	FA	FHLMC 3.00% DUE 5/5/09 CALL 05/05/06	5,000,000.00	5,000,000.00	4.200%	1,050,000.00	6,050,000.00	1,826
10/27/2004	10/27/2009	FA	FHLMC 3.25% DUE 10/27/09 CALL 10/27/06	5,000,000.00	5,000,000.00	4.397%	1,112,500.00	6,112,500.00	1,826
11/16/2005	11/16/2009	FA	FHLB 4.875% DUE 11/16/09 CALL 11/16/07	5,000,000.00	5,000,000.00	4.875%	975,000.00	5,975,000.00	1,461
11/16/2005	11/16/2009	FA	FHLB 4.875% DUE 11/16/09 CALL 11/16/07	1,055,000.00	1,053,021.88	4.927%	207,703.12	1,260,725.00	1,461
11/17/2004	11/17/2009	FA	FNMA 3.25% DUE 11/17/09 CALL 11/17/05	5,000,000.00	5,000,000.00	4.200%	1,062,500.00	6,062,500.00	1,826
11/17/2004	11/17/2009	FA	FNMA 3.25% DUE 11/17/09 CALL 11/17/05	2,000,000.00	1,997,000.00	4.242%	428,000.00	2,425,000.00	1,826
12/28/2004	12/28/2009	FA	FNMA 3.625% DUE 12/28/09 CALL 12/28/05	3,000,000.00	3,000,000.00	4.624%	701,250.00	3,701,250.00	1,826
01/12/2005	01/12/2010	FA	FHLMC 3.625% DUE 01/12/10 CALL 01/12/06	5,000,000.00	5,000,000.00	4.624%	1,168,750.00	6,168,750.00	1,826
01/27/2005	01/27/2010	FA	FHLB 3.75% DUE 01/27/10 CALL 01/27/06	5,000,000.00	5,000,000.00	4.800%	1,200,000.00	6,200,000.00	1,826
01/27/2005	01/27/2010	FA	FNMA 3.75% DUE 01/27/10 CALL 01/27/06	5,000,000.00	5,000,000.00	4.749%	1,200,000.00	6,200,000.00	1,826
01/27/2005	01/27/2010	FA	FNMA 3.75% DUE 01/27/10 CALL 01/27/06	3,000,000.00	2,997,000.00	4.771%	723,000.00	3,720,000.00	1,826

**INVESTMENT REPORT  
AS OF JULY 31, 2006**

<u>INVESTMENT DATE</u>	<u>MATURITY DATE</u>	<u>TYPE</u>	<u>SECURITY</u>	<u>PAR VALUE</u>	<u>INVESTED AMOUNT</u>	<u>RETURN RATE</u>	<u>INTEREST</u>	<u>INVESTMENT RETURN</u>	<u>TERM (Days)</u>
06/30/2005	01/27/2010	FA	FNMA 3.75% DUE 01/27/10 CALL 01/27/06	1,700,000.00	1,695,750.00	4.912%	385,156.25	2,080,906.25	1,672
02/22/2005	02/22/2010	FA	FNMA 3.75% DUE 02/22/10 CALL 03/22/06	5,000,000.00	5,000,000.00	4.800%	1,200,000.00	6,200,000.00	1,826
11/25/2005	03/18/2010	FA	FHLB 4.45% DUE 3/18/10 CALL 3/18/08	3,000,000.00	2,936,487.87	4.450%	639,416.30	3,575,904.17	1,574
04/07/2006	04/07/2010	FA	FHLMC 5.270% DUE 4/7/10 CALL 4/7/08	3,000,000.00	2,992,699.50	5.338%	639,700.50	3,632,400.00	1,461
05/05/2005	05/05/2010	FA	FHLB 3.50% DUE 05/05/10 CALL 08/05/05	3,000,000.00	3,000,000.00	5.875%	881,250.00	3,881,250.00	1,826
08/08/2005	06/11/2010	FA	FHLB 3.375% DUE 6/11/10 CALL 9/11/05	3,000,000.00	2,891,250.00	4.763%	681,468.75	3,572,718.75	1,768
06/30/2006	06/30/2010	FA	FHLMC 5.520% DUE 6/30/10 CALL 6/30/08	3,000,000.00	3,000,000.00	5.520%	662,400.00	3,662,400.00	1,461
11/30/2005	09/27/2010	FA	FHLB 4.78% DUE 9/27/10 CALL 9/27/07	3,000,000.00	2,967,840.00	5.031%	724,065.00	3,691,905.00	1,762
10/26/2005	10/18/2010	FA	FHLMC 5.0% DUE 10/18/10 CALL 10/18/07	5,000,000.00	5,000,000.00	5.000%	1,244,444.44	6,244,444.44	1,818
11/04/2005	11/04/2010	FA	FHLMC 4.8% DUE 11/04/10 CALL 11/04/08	5,000,000.00	4,970,500.00	4.935%	1,229,500.00	6,200,000.00	1,826
11/14/2005	11/04/2010	FA	FHLMC 4.8% DUE 11/04/10 CALL 11/04/08	5,000,000.00	4,945,500.00	5.050%	1,247,833.33	6,193,333.33	1,816
11/17/2005	11/17/2010	FA	FHLB 5.03% DUE 11/17/10 CALL 11/17/08	5,000,000.00	5,000,000.00	5.030%	1,257,500.00	6,257,500.00	1,826
12/15/2005	12/15/2010	FA	FHLMC 5.035% DUE 12/15/10 CALL 12/15/08	5,000,000.00	5,000,000.00	5.035%	1,258,750.00	6,258,750.00	1,826
03/29/2006	01/18/2011	FA	FNMA 5.10% DUE 01/18/11 CALL 01/18/08	3,000,000.00	2,968,710.00	5.347%	766,115.00	3,734,825.00	1,756
02/09/2006	02/09/2011	FA	FHLB 5.00% DUE 2/9/11 CALL 2/09/09	5,000,000.00	5,000,000.00	5.000%	1,250,000.00	6,250,000.00	1,826
02/24/2006	02/24/2011	FA	FHLB 5.15% DUE 2/24/11 CALL 2/24/09	3,320,000.00	3,320,000.00	5.150%	854,900.00	4,174,900.00	1,826
03/29/2006	02/24/2011	FA	FHLMC 5.25% DUE 2/24/11 CALL 2/24/09	3,000,000.00	2,991,000.00	5.319%	781,187.50	3,772,187.50	1,793
04/28/2006	02/24/2011	FA	FHLMC 5.25% DUE 2/24/11 CALL 2/24/09	5,000,000.00	4,954,450.00	5.466%	1,311,383.33	6,265,833.33	1,763
05/03/2006	02/24/2011	FA	FHLMC 5.25% DUE 2/24/11 CALL 2/24/09	3,000,000.00	2,971,860.00	5.473%	785,452.50	3,757,312.50	1,758
05/17/2006	02/24/2011	FA	FNMA 5.16% DUE 2/24/11 CALL 24/09	3,000,000.00	2,958,763.29	5.489%	779,546.71	3,738,310.00	1,744
06/09/2006	02/24/2011	FA	FHLMC 5.25% DUE 2/24/11 CALL 2/24/09	3,000,000.00	2,967,775.85	5.510%	773,786.65	3,741,562.50	1,721
03/24/2006	03/24/2011	FA	FHLB 5.25% DUE 3/24/11 CALL 3/24/09	3,000,000.00	3,000,000.00	5.250%	787,500.00	3,787,500.00	1,826
04/20/2006	04/06/2011	FA	FNMA 5.25% DUE 4/6/11 CALL 4/06/09	3,000,000.00	2,976,375.00	5.433%	805,000.00	3,781,375.00	1,812
04/28/2006	04/06/2011	FA	FNMA 5.25% DUE 4/6/11 CALL 4/06/09	2,421,000.00	2,396,790.00	4.483%	651,955.12	3,048,745.12	1,804
06/30/2006	06/30/2011	FA	FHLB 5.650% DUE 6/30/11 CALL 6/30/09	2,000,000.00	2,000,000.00	5.650%	565,000.00	2,565,000.00	1,826
SUB-TOTAL				429,791,000.00	428,198,195.61	4.150%	71,900,743.52	500,368,939.13	1,432
03/02/2006	03/02/2007	CD	WELLS FARGO BANK 9218910637	488,000.00	488,000.00	3.200%	15,847.08	503,847.08	365
SUB-TOTAL				488,000.00	488,000.00	3.200%	15,847.08	502,507.06	365
08/01/2002	08/15/2006	CN	SBC-PACIFIC BELL 6.875% DUE 08/15/06 NON-CALL	3,000,000.00	3,266,161.90	4.450%	566,858.93	3,833,020.83	1,475
09/03/2002	08/15/2006	CN	SBC-PACIFIC BELL 6.875% DUE 08/15/06 NON-CALL	3,000,000.00	3,266,439.79	4.400%	548,247.71	3,814,687.50	1,442
01/31/2002	02/01/2007	CN	ALLSTATE FINANCIAL 5.250% DUE 2/01/07 NON-CALL	2,000,000.00	1,995,651.83	5.300%	529,639.84	2,525,291.67	1,827
04/02/2002	03/15/2007	CN	GENERAL ELEC CAP 5.375% DUE 3/15/07 NON-CALL	5,000,000.00	4,977,430.55	5.480%	1,357,361.12	6,334,791.67	1,808
04/01/2002	03/15/2007	CN	GENERAL ELEC CAP 5.375% DUE 3/15/07 NON-CALL	3,000,000.00	2,971,105.05	5.600%	827,978.29	3,799,083.34	1,809
09/30/2002	04/15/2007	CN	CREDIT SUIS 5.875% DUE 4/15/07 NON-CALL	4,000,000.00	4,270,881.12	4.100%	1,154,472.21	5,425,353.33	1,658
11/01/2002	06/15/2007	CN	GENERAL ELEC 5.00% DUE 6/15/07 NON-CALL	3,000,000.00	3,112,485.03	4.100%	580,848.30	3,693,333.33	1,687
11/07/2002	06/15/2007	CN	SECURITY CAPITAL - GE 7.15% DUE 6/15/07 NON-CALL	3,000,000.00	3,380,298.92	4.100%	607,592.75	3,987,891.67	1,681
12/05/2002	08/29/2007	CN	GE CAPITAL FRANCHISE FIN 6.95% DUE 8/29/07 NON-C	3,925,000.00	4,384,236.38	4.200%	831,957.78	5,216,194.16	1,728
05/25/2005	03/10/2008	CN	WORLD SAVINGS BANK 4.125% DUE 3/10/05 NON-CALL	3,000,000.00	2,999,689.80	4.127%	345,778.95	3,345,468.75	1,020
02/03/2006	07/29/2010	CN	US BANCORP 4.50% DUE 7/29/10 NON-CALL	3,000,000.00	2,952,150.09	4.900%	653,849.91	3,606,000.00	1,637
02/17/2006	02/14/2011	CN	CITIGROUP 5.125% DUE 2/14/11 NON-CALL	5,000,000.00	5,000,000.00	5.125%	1,279,114.58	6,279,114.58	1,823
03/30/2006	02/14/2011	CN	CITIGROUP 5.125% DUE 2/14/11 NON-CALL	2,000,000.00	1,991,793.10	5.220%	507,609.68	2,499,402.78	1,782
06/20/2006	02/14/2011	CN	CITIGROUP 5.125% DUE 2/14/11 NON-CALL	2,000,000.00	1,969,446.60	5.500%	507,178.40	2,476,625.00	1,700
04/19/2006	03/01/2011	CN	HOME DEPOT 5.20% DUE 3/1/11 NON-CALL	3,000,000.00	2,974,590.00	5.400%	784,610.00	3,759,200.00	1,777

**INVESTMENT REPORT  
AS OF JULY 31, 2006**

<u>INVESTMENT DATE</u>	<u>MATURITY DATE</u>	<u>TYPE</u>	<u>SECURITY</u>	<u>PAR VALUE</u>	<u>INVESTED AMOUNT</u>	<u>RETURN RATE</u>	<u>INTEREST</u>	<u>INVESTMENT RETURN</u>	<u>TERM (Days)</u>
06/12/2006	04/28/2011	CN	GENERAL ELECTRIC 5.50% DUE 4/28/11 NON-CALL	3,000,000.00	3,006,145.34	5.450%	798,687.99	3,804,833.33	1,781
			SUB-TOTAL	50,925,000.00	52,518,505.50	4.800%	11,881,786.44	64,400,291.94	1,665
		O	WELLS FARGO BANK	477,586.00	477,586.00	4.250%	55.61	477,641.61	1
		O	CORPORATE CASH MANAGEMENT ACCOUNT	12,190,769.25	12,190,769.25	4.250%	1,419.47	12,192,188.72	1
		O	UNION TRUST	-	-	4.750%	-	-	1
		O	L A I F WATER DISTRICT	4,905,403.95	4,905,403.95	4.850%	660.87	4,906,064.82	1
		O	L A I F PUBLIC IMPROVEMENT CORPORATION	5,478,991.59	5,478,991.59	4.850%	738.14	5,479,729.73	1
		O	L A I F CITY OF CARLSBAD	4,778,272.81	4,778,272.81	4.850%	643.74	4,778,916.55	1
			SUB-TOTAL	27,831,023.60	27,831,023.60	4.577%	3,517.83	27,834,541.43	
			GRAND TOTAL	509,035,023.60	509,035,724.71	4.240%	83,801,894.87	593,107,619.58	

**CITY OF CARLSBAD**  
**Fund Equity in Pooled Investments**  
**AS OF JULY 31, 2006**

**Cash Balance by Fund:**

General	50,290,225
Special Revenue	35,613,889
Debt Service	3,175,619

## Capital Projects:

General Capital Construction	45,729,237
Traffic Impact Fees	11,592,583
Public Facilities Fees	46,672,759
Park Development	3,699,322
Transnet Taxes	7,646,476
Drainage Fees	9,826,156
Special Districts	81,923,296
Infrastructure Replacement	29,398,748
Other Capital Construction	1,274,580

Total 237,763,156

## Enterprise:

Carlsbad Municipal Water District	53,181,222
Sewer Fund	63,340,611
Solid Waste	6,535,272
Storm Water	707,000
Golf Course	9,250,446

Total 133,014,551

Internal Service	21,617,240
Agency Funds	27,263,699
Redevelopment Funds (1)	0
Misc. Special Funds	0

**Total General Ledger Balance \*\* 508,738,380**

Reconciling Adjustments (2) (702,704)

**Total Treasurer's Investment Portfolio at Amortized Cost 508,035,675**

(1) Redevelopment Fund Balances are interspersed throughout all funds.

(2) The Reconciling Adjustments consist of differences between the General Ledger which is prepared on an accrual basis and the Treasurer's report which is prepared on the cash basis. Accrued Interest amortized premium or discounts and outstanding checks and deposits in transit are not included in the Treasurer's summary. Differences between the time journal entries are posted and the time this report is produced may also be a component of the adjustment.

\*\* Figures based on best estimate at the time report run on 08/08/06

# CITY OF CARLSBAD INVESTMENT PORTFOLIO AS OF JULY 31, 2006

## *CORPORATE NOTE AND COMMERCIAL PAPER RATINGS*

**Corporate Note Investments Meeting the Current Investment Policy:**

**(Ratings must be AA or better by both Moody's and S&P)**

	<u>Moody's</u>	<u>S&amp;P</u>
ALLSTATE FINANCIAL	AA2	AA
CITIGROUP	AA1	AA-
GENERAL ELECTRIC	AAA	AAA
HOME DEPOT	AA3	AA
SECURITY CAPITAL - GE	AAA	AAA
US BANCORP	AA2	AA-
WORLD SAVINGS BANK	AA3	AA-

**Commercial Paper Investments Meeting the Current Investment Policy:**

**(Ratings must be A1/P1 or better by both Moody's and S&P)**

**(Ratings of other debt must be AA or better by Moody's or S&P)**

**Investments with Subsequent Changes in Credit Rating \***

	<u>Moody's</u>	<u>S&amp;P</u>	<u>Latest Maturity Date</u>	<u>Purchased</u>	<u>Carrying Value</u>	<u>Market Value</u>
CREDIT SUISSE	AA3	A+	04/18/07	AA3/AA-	4,042,082	4,003,840
PACIFIC BELL	A2	A	08/15/06	AA3/AA-	6,005,186	6,002,460

\* The City's Investment Policy allows the City Treasurer to determine the course of action that would correct exceptions to the policy. All of these investments are paying interest at the required times. The principal of all investments are considered secure. It is the intent of the City Treasurer to hold these assets in the portfolio until maturity unless events indicate they should be sold.

**CITY OF CARLSBAD INVESTMENT PORTFOLIO  
AS OF JULY 31, 2006  
WEIGHTINGS FOR CORPORATE AND FEDERAL AGENCY ISSUERS**

***PERCENTAGE WEIGHTINGS BY CORPORATE NOTE ISSUER***

	<u>Investment Cost</u>	<u>Percent of Portfolio*</u>
ALLSTATE FINANCIAL	1,995,651.84	0.39%
CITIGROUP	8,961,239.70	1.76%
CREDIT SUISSE	4,270,881.12	0.84%
GENERAL ELECTRIC CAP SECURITY CAPITAL	18,451,402.35 3,380,298.92	4.29%
HOME DEPOT	2,974,590.00	0.58%
PACIFIC BELL	6,532,601.68	1.28%
US BANKCORP	2,952,150.09	0.58%
WORLD SAVINGS BANK FSB	2,999,689.80	0.59%

***PERCENTAGE WEIGHTINGS BY FEDERAL AGENCY ISSUER***

	<u>Investment Cost</u>	<u>Percent of Portfolio**</u>
FEDERAL FARM CREDIT BANK	5,990,313.30	1.18%
FEDERAL HOME LOAN BANK	174,734,221.81	34.33%
FEDERAL HOME LOAN MORTGAGE CORP	155,270,886.48	30.50%
FEDERAL NATIONAL MORTGAGE ASSOC	92,202,773.95	18.11%
<b>Total Portfolio</b>		<b>\$509,035,724.71</b>

\* No more than 5% may be invested with a single corporate issuer.

\*\*There are no percentage limits on federal agency issuers.